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Arizona Corporation Commission

DOCKETED BEFORE THE ARIZONA POWER PLANT AND

OCT 25 2006

TRANSMISSION LINE SITING COMMITTEE

DOCKETED BY

NR

IN THE MATTER OF THE APPLICATION OF)
SOUTHERN CALIFORNIA EDISON COMPANY)
AND ITS ASSIGNEES IN CONFORMANCE)
WITH THE REQUIREMENTS OF ARIZONA)
REVISED STATUTES SECTION 40-360.03 AND)
40-360.06 FOR A CERTIFICATE OF)
ENVIRONMENTAL COMPATIBILITY)
AUTHORIZING CONSTRUCTION OF A 500KV)
ALTERNATING CURRENT TRANSMISSION)
LINE AND RELATED FACILITIES IN)
MARICOPA AND LA PAZ COUNTIES IN)
ARIZONA ORIGINATING AT THE)
HARQUAHALA GENERATING STATION)
SWITCHYARD IN WESTERN MARICOPA)
COUNTY AND TERMINATING AT THE)
DEVERS SUBSTATION IN RIVERSIDE)
COUNTY, CALIFORNIA.)

DOCKET NO.

L-00000A-06-0295-00130

CASE NO. 130

TUCSON ELECTRIC POWER
COMPANY'S RESPONSE TO
STAFF'S CONDITIONS

AZ CORP COMMISSION
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Tucson Electric Power Company ("TEP") hereby submits its comments on the conditions proposed by Commission Staff ("Staff") to the issuance of a Certificate of Environmental Compatibility ("CEC") by the Power Plant and Line Siting Committee (the "Committee") for the Palo Verde to Devers No. 2 transmission line (the "Power Line").

I. GENERAL COMMENT.

TEP views the Power Line as one of several projects that may reduce transmission congestion at the Palo Verde hub and improve regional transmission capacity. It also appears that the Power Line may increase operational flexibility for dealing with outages.

TEP generally supports Staff's efforts to ensure that new transmission facilities do not adversely impact the reliability of Arizona's EHV system and are constructed in a manner that minimizes the risk of extreme contingencies on the system. TEP also shares the view that new

1 infrastructure should be constructed to meet the needs of all customers on a "not unduly
2 discriminatory basis."

3 Nonetheless, TEP believes that conditioning the siting of a transmission line on matters
4 outside of siting and transmission considerations is inappropriate. Conditions directed to
5 ownership, control authority, and tariffs appear to be beyond the proper scope of a line siting
6 proceeding in most cases. In addition, conditions that are directed to reliability issues should, in
7 most cases, be addressed through Western Electricity Coordinating Council's ("WECC") and/or
8 the North American Electric Reliability Council's ("NERC") reliability standards.

9 **II. TEP's COMMENTS ON STAFF'S PROPOSED CONDITIONS.**

10 **Condition No. 1.** Southern California Edison agrees to make good faith efforts to
11 work within future California and regional proceedings to encourage regional access to natural gas
12 storage facilities in California in a manner that addresses natural gas service reliability and
13 efficiency in the region, including Arizona.

14 **TEP Comment.** TEP supports Staff efforts to improve regional access to natural gas
15 storage facilities in California in order to improve gas service reliability and efficiency in the
16 region. At the same time, however, TEP believes that the issue of regional access to natural gas
17 storage is beyond the scope of a line siting proceeding.

18 **Condition No. 2.** To ensure the second Palo Verde to Devers 500 kV transmission line
19 does not adversely affect reliability of the Arizona Extra High Voltage (EHV) grid and power
20 plants interconnected at the Palo Verde Hub, one of the following options must be adopted by
21 Southern California Edison for construction of the new line:

- 22 a. The line must be constructed on separate towers or monopoles for its entire
23 length and have sufficient physical separation from the existing Palo Verde
24 to Devers line to assure a common mode outage frequency of less than one
25 in thirty years (per NERC/WECC Planning Standards S-2) or that no
26 cascading outages would occur for such a common mode outage (per NERC
27 Category C.5) without the use of a special protection scheme,

1 **OR**

2 b. The WECC rated Path 49 shall not be operated above a level at which a,
3 NERC Category C.5, common mode outage of the two Palo Verde to
4 Devers lines would cause cascading outages unless a special protection
5 scheme were activated. Studies are to be performed annually to establish
6 with WECC such a Path 49 Operational Transfer Capability (OTC) limit for
7 the common mode outage of the two Palo Verde transmission lines. If the
8 Applicant does not want to perform annual studies, the Applicant may
9 choose to request a lower rating of the line from the appropriate regulatory
10 authority. The lower rating must achieve the above goals.

11 **TEP Comment.** TEP believes that the issues of line configuration and separation are
12 matters properly considered and decided by the Committee based upon testimony presented to the
13 Committee. How these issues are resolved will vary from case to case and must be decided based
14 upon the facts of each case. At the same time, however, conditions relating to protection schemes
15 and transfer capacities are technical issues that in most cases are best addressed through industry
16 standards and practices such as those established by the WECC and NERC. If the Committee
17 decides that it is appropriate to consider technical issues such as protection schemes and transfer
18 capacities, it must ensure that its requirements are consistent with reliability standards used in the
19 WECC Region.

20 **Condition No. 3.** The second Palo Verde to Devers 500 kV line shall terminate at the
21 new Harquahala Junction Switchyard along with the existing Harquahala to Hassayampa 500 kV
22 line in order to mitigate prevailing reliability risks associated with extreme contingencies in the
23 vicinity of the Palo Verde trading hub. The Harquahala Switchyard is to be jointly owned by the
24 Palo Verde to TS5 participants. The Harquahala Junction Switchyard to Hassayampa Switchyard
25 line is to be jointly owned by Southern California Edison and the same Palo Verde to TS5
26 transmission participants.

1 **TEP Comment.** TEP believes that imposition of conditions relating to the appropriate
2 terminus of the Power Line based upon reliability concerns associated with terminating another
3 line at the Palo Verde hub may be an appropriate issue for consideration by the Committee under
4 the facts of this case. At the same time, the ownership of a line connecting the two existing
5 switchyards appears to be an issue that should be resolved by the interested parties rather than
6 imposed as a condition of approval of the Power Line.

7 **Condition No. 4.** To assure that prevailing Palo Verde Hub commercial practices are
8 not compromised by the transmission interconnections at Harquahala Junction Switchyard,
9 Southern California Edison must prior to commencing operation:

- 10 a. File with the Federal Energy Regulatory Commission and receive approval
11 of a request, on behalf of all Palo Verde Hub interconnecting parties, for
12 modification of the transmission tariff free zone at the Palo Verde Hub to
13 include all transmission lines currently interconnecting power plants to
14 either the Palo Verde Switchyard or the Hassayampa Switchyard,

15 **OR**

- 16 b. File with the Arizona Corporation Commission (ACC) an executed
17 transmission agreement with Harquahala Power Plant and the participants of
18 the Palo Verde to TS5 transmission line that establishes that Harquahala
19 Power Plant can schedule its full capacity over the Harquahala Junction
20 Switchyard to Hassayampa Switchyard transmission line without
21 transmission tariff costs and that all three parties will assume pro-rata
22 obligations to share in the cost of an additional transmission line between
23 these two switchyards as needed at some future date.

24 **TEP Comment.** TEP believes that establishing a "tariff free zone" at the Palo Verde hub
25 may be an appropriate way of eliminating the multiple tariff charges that will result from having
26 the Power Line interconnect at the Harquahala Junction Switchyard instead of the Hassayampa
27 Switchyard, as proposed by Staff. But requiring that SCE obtain the approval for a tariff free zone

1 from the Federal Energy Regulatory Commission for all Palo Verde hub interconnecting parties
2 appears to be outside the authority of the Committee or the scope of the line siting proceeding.
3 Further, TEP believes that Staff's alternative condition of requiring that SCE enter into a
4 transmission agreement that permits the Harquahala Power Plant to schedule full capacity of the
5 line connecting the two switchyards without transmission costs appears to be a matter that should
6 be addressed and resolved by the interested parties. It does not appear to be an appropriate
7 condition for consideration by the Committee.

8 **Condition No. 5.** Control area authority and associated operational reliability obligations
9 placed by the ACC upon power plants originally interconnected at the Palo Verde Hub are to be
10 maintained with the new interconnection at Harquahala Junction. Such power plant obligations can
11 be transferred to the transmission control area to which they are interconnected in the event that
12 they desire to discontinue as a generator only control area operator.

13 **TEP Comment.** TEP concurs with Condition No. 5 to the extent it is consistent with prior
14 Commission decisions which imposed certain control area authority and associated operational
15 reliability obligations upon power plants interconnected to the Palo Verde hub.

16 **Condition No. 6.** To assure that non-discriminatory open-access transmission
17 principles are not compromised, commercial barriers to Arizona transmission users do not occur
18 on lines serving as tie lines between CAISO and the forming WestConnect RTO operational
19 footprint, and that no new seams issues between the two RTOs result from the construction of the
20 Palo Verde to Devers 2 transmission line:

21 a. Arizona Public Service Company shall have operational control of the
22 Harquahala Junction Switchyard, the Harquahala Junction Switchyard to
23 Hassayampa Switchyard transmission line and the Harquahala Junction
24 Switchyard termination of the second Palo Verde to Devers transmission
25 line and the Harquahala Power Plant line.

26 b. The Applicant executes a binding written agreement with the CAISO to
27 limit its control area. The CAISO operational control and transmission

1 tariff application shall initially end at the Devers termination of the Palo
2 Verde to Devers 2 transmission line and may extend eastward to any future
3 switchyard interconnecting with the line between Devers and the Colorado
4 River. This implies a new Southern California Edison transmission tariff
5 will be required should a future switchyard interconnect occur with the Palo
6 Verde to Devers 2 line between Harquahala Junction and the Colorado
7 River. The Applicant must file the executed agreement with the
8 Commission prior to commencing operations of the line.

9 **TEP Comment.** TEP believes that in most cases, issues relating to the operational control
10 of new transmission lines should be left to the applicant and line participants, and that control area
11 issues are outside the scope of a line siting proceeding. At the same time, however, this case
12 presents the unique issue of whether having the CAISO exercise control over Arizona transmission
13 facilities is in the best interest of Arizona utilities and ratepayers. Because of this unique
14 circumstance, TEP supports a condition that limits the control area authority of the CAISO over
15 the Power Line be limited to the portion of the Power Line within California. TEP would suggest
16 that the language for 6b be modified as follows:

17 6b. The Applicant executes a binding written agreement with the CAISO to
18 limit its control area to California. The CAISO operational control and
19 transmission tariff application shall initially end at the Devers termination of the
20 Palo Verde to Devers 2 transmission line and may extend eastward to any future
21 switchyard interconnecting with the line between Devers and the Colorado River.
22 This implies a Southern California Edison transmission tariff will be required for
23 the Palo Verde to Devers 2 line. The Applicant must file the executed agreement
24 with the Commission prior to commencing operations of the line.
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1 RESPECTFULLY SUBMITTED this 25th day of October 2006.

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